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## Romania

Post: Bucharest

# **Recent Rainfall Saves Romanian Corn Crop**

**Report Categories:** 

Grain and Feed

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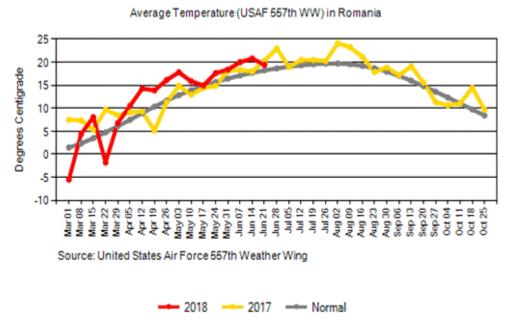
### **Report Highlights:**

Romanian grain production is likely to decline in Marketing Year (MY) 2018/19 by eight percent, based on the current crop status and initial harvest reports. The winter wheat and barley harvest started earlier than usual. Yields were above the five-year average, but down from last season. Recent rainfall boosted spring crops, which had a difficult start due to dry weather. Corn and barley are driving grain exports, which are estimated to grow by 10 percent during the current MY. A large percentage of this trade is bound for markets in southern Europe.

#### **General Information:**

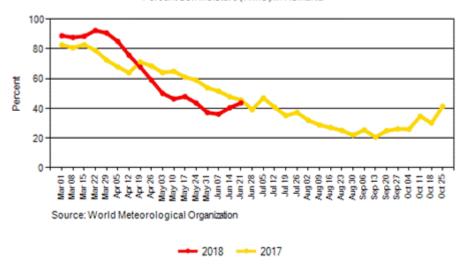
Romania's annual grain area planted covers between 5.2 and 5.4 million hectares (HA), depending on the oilseed area fluctuation. Wheat and corn account for about 85 percent of the total grain area. Romanian grain production is likely to fall in MY 2018/19 by eight percent, based on the current crop status or initial harvest reports. Grain exports are projected to fall by 11 percent in MY 2018/19 year-on-year.

The long and mild autumn allowed the winter crops to develop well. Snow in March brought the necessary cover to protect the crops from a cold snap and freezing rain. Excessive moisture from snow caused waterlogging, especially in areas along the Danube River. In areas with high levels of soil moisture, plant root systems did not extend deeply, so these areas experienced difficulties during the spring dry spell. Soil moisture levels were low or critically low in the eastern and southeastern regions, leading to undersized crops and poor kernel development. Other regions saw more favorable rainfall and crops developed better. Illustrations of the warm temperatures and dry weather are presented in the following diagrams:



Source: USDA/PECAD

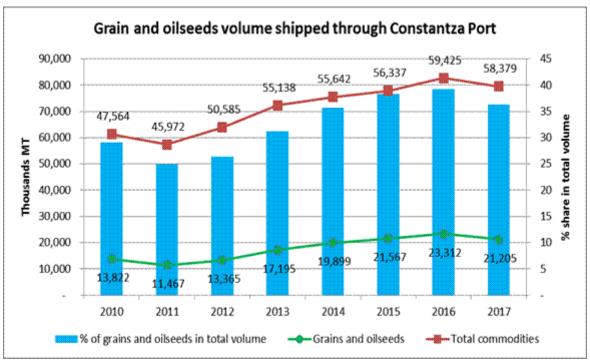
#### Percent Soil Moisture (WMO) in Romania



Source: USDA/PECAD

As hot, dry weather can lower yields, efficient irrigation systems can be crucial. According to Ministry of Agriculture (MinAg) data, about 1.2 million HA, 15 percent of Romania's total arable land, is under irrigation. The Romanian Government plans to spend about \$1.1 billion on refurbishing and expanding the irrigation system through 2020. It looks to put 2.2 million HA under irrigation. To date, less than \$100 million has been spent on this initiative. Farmers in the areas with water access have seen irrigation costs plummet as government subsidies meant to encourage irrigation.

As a net grain exporter, Romania is heavily reliant on its transportation infrastructure to ship grain to the Black Sea. The Port of Constanta is the main trading hub for agricultural commodities from not only Romania, but also neighboring Bulgaria, Hungary, and Serbia. Grain storage capacity in Constanta is expanding, with current capacity estimated at 1–1.5 million metric tons (MMT). According to data published by the Constanta Port Authority, grain and oilseed volumes shipped in 2017 decreased by nine percent from 2016, mostly due to lower exportable supplies from the neighboring countries (see the graph below).



Source: Constanta Port Administration

#### WHEAT

Fall-planted winter wheat area fell slightly in 2017 from 2016. Wheat-planted hectares were higher than expected, as some underperforming rapeseed areas were replanted with wheat. Planting conditions improved compared to rapeseed. Despite some claims last year that wheat is less profitable due to surplus supplies, farmers continued to plant wheat, especially those engaged in sharecropping arrangements. Crop rotation, as well as hesitation to convert area for spring-planted crops, which are perceived as high-risk due to the summer drought.

The winter wheat crop benefitted from a long and mild autumn. February and March snowfalls provided the necessary cover, as well as soil moisture in early spring. Later in the spring hot weather and drought conditions during the last two months of wheat development damaged the crop, particularly in the southeastern and eastern areas of Romania. The lack of rain reduced the efficacy of fertilizer, while in other areas fertilizer application was not possible due to the excess water. Wheat yield losses in these areas will be partially offset by excellent crop development in the southwestern and western regions. Overall wheat production is expected to drop by about six percent from last season, although yields will remain above the five-year average (table below).

The summer harvest started early in June, somewhat earlier than normal, as hot weather in late May and June matured the crop. The first field reports indicate that crop quality is good vis-à-vis protein level and test weight. However, harvest delays due to heavy rains may affect quality.

Romanian wheat exports fell by 20 percent year-on-year during the first nine months of MY 2017/18, mainly due to lower stocks in the region, chiefly Hungary and Serbia. Wheat exports reached 4.8 MMT versus 6.0 MMT during the first nine months of the MY. Unlike previous year when about 80 percent

of wheat exports were shipped outside of the European Union, this year more 30 percent of Romania's wheat was bound for other EU members. The notable buyer was Spain, which bought nearly 1.0 MMT, a 250-percent increase over the previous marketing year.

Egypt, a traditional market for the Romanian wheat, ranked the first among the non-EU destinations with 814,000 MT, a 17-percent reduction from last season. The drop in wheat exports to Egypt may be attributed to competition from Russia and Ukraine. Jordan imported 656,000 MT. Libya and Sudan were also viable markets (see Appendix for details). Overall, FAS Bucharest estimates that the total wheat exports will be closed to 6.1 MMT, about a 10-percent decline year-on-year.

Table 1 - Romania, Wheat Production, Trade, Consumption

Romania	2014/15	2015/16	2016/17	2017/18 (e)	2018/19 (f)
Marketing Year (MY) Begin	<b>July, 2014</b>	<b>July, 2015</b>	<b>July, 2016</b>	<b>July, 2017</b>	<b>July, 2018</b>
Area (000) HA	2,109	2,106	2,138	2,026	2,050
Production (000) MT	7,700	7,962	8,700	9,100	8,500
MY Imports (000) MT	896	1,094	2,350	1,160	1,360
MY Exports (000) MT	4,896	4,832	6,797	6,100	5,900
Total Consumption (000) MT	3,780	4,130	4,060	3,950	3,970

Source: National Institute of Statistics, Global Trade Atlas, FAS estimate

#### CORN

The MY 2018/19 corn area declined from last year, mostly due to corn farmers losing money during the previous year' drought. As neonicotinoid application remains prohibited in the EU, Romanian farmers appealed to the Ministry of Agriculture to approve a new derogation for corn and sunflower. Following the notification to EU, the Ministry of Agriculture granted the derogation in January 2018, earlier than previous years. Post notes that in response to the claims that neonicotinoids harm bee populations, several Romanian farmer organizations, bee keepers, and agro-input and seed producers issued guidelines to ensure effective protection of both plants and bees.

The corn planting season was difficult as snow and low temperatures prohibited farmers from planting during the most favorable timeframe. The proceeding snow melt led to waterlogging and muddy field conditions in some areas. Unusually high temperatures in April led to quick water evaporation and very dry conditions. Some farmers switched to early maturing corn hybrids. May and the most part of June saw dry and hot weather in the eastern and southeastern regions. Although warm weather persisted in western and central Romanian, these regions saw more favorable rainfall. During the latter half of June, ample rain fell across the country and alleviated heat and drought stress, creating an opportunity for the corn crop to recover.

Corn yields are now expected to be six percent lower than last year due to the late planting and poor spring weather. This forecast is based on the assumption that weather conditions will not negatively affect pollination. Total corn output is forecast to reach 10.7 MMT, a ten-percent decline from the previous exceptional year. Regarding utilization, feed consumption is expected to keep rising, encouraged by good prospects for swine, sheep, and cattle production.

Corn exports increased by almost 40 percent during the first half of the MY 2017/18, following last year's bumper crop. Other EU members accounted for 80 percent of Romanian corn exports, significantly more than usual. Exports to Spain, Portugal, Italy, and Greece almost tripled during the first six months of the MY, mostly driven by unfavorable weather conditions in those markets. Turkey, Lebanon, and New Zealand are the most notable non-EU markets for Romanian corn.

Table 2 - Romania, Corn Production, Trade, Consumption

Romania	2014/15	2015/16	2016/17	2017/18 (e)	2018/19 (f)
Marketing Year (MY)	October,	October,	October,	October,	October,
Begin	2014	2015	2016	2017	2018
Area (000) HA	2,550	2,625	2,581	2,500	2,400
Production(000) MT	11,600	9,000	10,200	11,900	10,700
MY Imports(000) MT	1,756	400	762	270	360
MY Exports(000) MT	6,100	3,079	3,307	4,800	3,900
Total Consumption(000) MT	7,365	6,715	7,045	7,258	7,350

Source: National Institute of Statistics, Global Trade Atlas, FAS estimates

#### **BARLEY**

The barley area fell by approximately 10 percent in MY 2018/19 in response to reduced profitability. Barley experienced similar conditions to wheat. A March frost affected the barley crop to some extent, as it is more sensitive than wheat to low temperatures. Post's barley production estimate is trimmed to 1.55 million MT, a 14-percent decrease from last year. Although average yields are similar to last year, the area is reduced. Barley is mainly an export crop—generally less than a quarter of production is used domestically. The barley harvest also started earlier than normal, as the crop matured faster due to hot weather. Initial field reports indicate that crop quality looks good, although heavy showers towards the latter half of June may ultimately affect the quality.

Demand from Saudi Arabia and Iran for EU barley recovered in MY 2017/18, with overall exports expanding by 47 percent during the nine months of the MY compared to the previous year. The major EU buyer was Spain, which imported four times its usual amount. More details on export volumes and destinations are presented in the Appendix. On the internal demand side, no major changes in barley utilization are foreseen; ending stocks are to return to normal levels.

Table 3 - Romania, Barley Production, Trade, Consumption

Romania	2014/15	2015/16	2016/17	2017/18 (e)	2018/19 (f)
Marketing Year (MY) Begin	<b>July, 2014</b>	July, 2015	<b>July, 2016</b>	July, 2017	July, 2018
Area(000) HA	512	470	482	460	420
Production(000) MT	1,800	1,750	1,817	1,750	1,550
MY Imports (000) MT	184	529	480	425	445
MY Exports (000) MT	1,709	1,994	1,130	1,520	1,200
Total Consumption (000) MT	375	305	856	865	830

Source: National Institute of Statistics, Global Trade Atlas, FAS estimates

# **Appendix**

Romania Export Statistics Commodity: 1001, Wheat And Meslin Year Ending June: 2013 - 2017, Year To Date: 07/16 - 03/17 & 07/17 - 03/18 Quantity										
Partner Country	Omt	2014	2015	2016	2017	07/16 - 03/17	07/17 - 03/18	%Change		
World, of which	T	5,005,970	4,875,842	4,719,757	6,737,309	6,010,084	4,830,596	(20)		
Egypt	T	1,947,958	1,489,812	1,258,183	1,109,509	983,509	814,694	(17)		
Vietnam	T	49,437	105,488	62,613	838,201	838,201	127,762	(85)		
Morocco	T	70,500	-	-	647,002	552,457	-	(100)		
Jordan	T	140,596	654,708	771,969	627,426	568,526	655,976	15		
Libya	T	409,289	247,605	258,852	324,826	260,026	318,446	22		
U.A. Emirates	T	-	-	35,772	305,193	305,193	35,337	(88)		
Italy	T	194,291	202,384	166,948	299,173	278,114	303,961	9		
Turkey	T	97,115	176,918	1,737	292,922	168,805	4,060	(98)		
Spain	T	161,498	337,787	391,225	273,350	273,335	970,588	255		
Sudan	T	-	195,750	157,083	266,835	223,480	258,762	16		
Djibouti	T	-	181,841	198,306	223,769	223,769	88,068	(61)		
Israel	T	88,115	163,027	152,387	195,212	114,946	184,169	60		
Ethiopia	T	46,686	98,163	433,081	163,143	163,143	203,490	25		
Tunisia	T	240,244	174,675	113,996	136,772	81,673	18,700	(77)		
Greece	T	110,358	87,943	110,148	119,793	103,055	110,566	7		
France	T	22,212	28,602	46,413	103,429	102,070	41,742	(59)		
South Africa	T		-		21,030	21,030	204,530	873		
Syria	T	209,224	27,500	57,934	-	-	55,000	n/a		

Source: Global Trade Atlas

Romania Export Statistics Commodity: 1005, Corn (Maize) Year Ending September: 2013 - 2017, Year To Date: 10/16 - 03/17 & 10/17 - 03/18 Quantity																				
											Partner Country	Unit					Year To Date			
											rattier Country	Cint	2014	2015	2016	2017	10/16 - 03/17	10/17 - 03/18	%Change	
World, of which	T	3,484,257	6,073,392	3,074,542	3,308,324	2,268,289	3,141,854	39												
Spain	T	229,364	1,047,956	580,245	357,043	339,439	907,059	167												
Netherlands	T	555,242	784,519	307,620	99,391	99,391	126,513	27												
Turkey	T	209,644	652,975	202,072	359,612	54,832	353,974	546												
Italy	T	398,849	410,963	337,633	264,902	118,966	501,266	321												
Portugal	T	126,771	271,668	88,503	193,033	141,002	135,332	(4)												
Egypt	T	311,834	466,160	172,874	325,850	322,357	-	(100)												
Greece	T	89,918	146,266	96,381	85,864	58,187	156,725	169												
Libya	T	66,352	143,177	56,918	52,259	52,259	6,930	(87)												
Ireland	T	34,718	131,632	99,609	156,069	147,069	93,473	(36)												
United Kingdom	T	121,105	62,140	29,246	24,539	9,519	198,779	1,988												
Lebanon	T	128,226	158,540	206,815	246,247	155,891	163,545	5												
Austria	T	51,750	15,697	65,694	45,321	7,947	149,577	1,782												
United States	T	13,785	32,811	36,688	6,424	528	8,888	1,583												

Source: Global Trade Atlas

Romania Export Statistics Commodity: 1003, Barley Year Ending June: 2013 - 2017, Year To Date: 07/16 - 03/17 & 07/17 - 03/18 Quantity

	Quantity										
Partner Country	Unit					Year To Date					
rartilei Country	Omt	2014	2015	2016	2017	07/16 - 03/17	07/17 - 03/18	%Change			
World, of which	T	1,055,218	1,709,005	1,993,762	1,129,805	798,794	1,170,633	47			
Saudi Arabia	T	751,624	540,605	873,208	471,231	305,642	536,574	76			
Jordan	T	88,334	364,283	277,716	104,508	52,500	-	(100)			
Libya	T	12,400	152,102	258,749	103,533	97,533	85,296	(13)			
Israel	T	-	41,460	78,188	74,628	63,831	4,755	(93)			
Spain	T	-	-	27,323	68,228	45,809	179,044	291			
Syria	T	54,175	8,105	-	49,060	43,123	-	(100)			
Greece	T	25,691	4,055	27,283	43,130	41,832	12,516	(70)			
Turkey	T	66	150,204	-	39,243	13,713	35,847	161			
Iran	T	0	0	27500	0	0	186425	n/a			
Cyprus	T	30,760	36,101	38,061	34,171	23,713	23,603	(0)			
Tunisia	T	79,406	105,788	102,176	27,500	27,500	27,500	-			
Japan	T	-	63,581	130,545	7,592	7,592	25,851	241			
Portugal	T	-	-	-	-	_	19,701	n/a			

Source: Global Trade Atlas